



UBS ETF Capital Markets
Weekly Flow Update
(15th of April – 19th of April)

Market Commentary

MSCI World in USD ended the week down 2.83% with the index being driven downwards by Information Technology (-7.15%), Consumer Discretionary (-3.92%) and Industrials (-2.30%) and offset by strength in Consumer Staples (1.29%).

The week started with better-than-anticipated US retail sales report which provided evidence that the US economy remains strong. Total US retail sales rose 0.7% in March, on top of upwardly revised revisions to the January and February data. While strong gasoline sales helped the total retail sales number increase, the control group (excludes autos, gas, building materials, office supply, mobile homes, and tobacco) also improved beyond economists' estimates (+1.1%) due to strong online sales. The control group feeds directly into GDP-based estimates of consumption and thus triggered an upward revision in the GDPNow reading from the Atlanta Fed, a running estimate of growth based on the latest data. The GDPNow reading currently points to an annualized expansion of 2.8% in the first quarter, up from 2.4% last week. Fed funds futures markets moved to price in 45bps of cuts in 2024, with a 60% chance of the first move coming in September, compared to expectations at the beginning of April for 68bps of cuts. Certainly, the path to disinflation continues to be bumpy and rate cuts have not been necessary for the US economy to continue to grow thus far this year. The Fed will be concerned that with strong consumer demand and wage growth keeping service sector inflation elevated they will be on hold for longer than anticipated.

Announced on Tuesday, China's Q124 GDP grew by 5.3% y/y, above market expectations (consensus: 4.9% y/y), and up from 5.2% y/y in Q423. Manufacturing was the main driver, growing 6% y/y versus 4.7% y/y in Q423. Unfortunately, Q124 retail sales growth fell sharply to 4.7% y/y from 8.4% y/y in Q423, but this was partly due to a higher base especially in March 2023 which saw strong reopening pent-up demand. In Q124, service-related retail sales continued outperforming, with catering growing 15.2% y/y and sport and leisure goods up 14.6% y/y. Staples goods like food and beverage generally stayed resilient with mid-single-digit growth, while durable goods like furniture, home appliances, and cosmetics underperformed. With the base effect more favourable in Q224, retail sales growth is likely to regain some support given robust Qingming holiday spending data and potential policies to promote consumer goods buying.

Q124 Fixed Asset Investment (FAI) growth shot up to 4.5% y/y from 2.7% y/y in Q423. Manufacturing FAI strengthened the most echoing the strong manufacturing-related numbers. Infrastructure FAI also accelerated to 6.5% y/y from 5.5% y/y in the previous quarter, backed by government bond funding. Property FAI remained in deep decline, falling 9.5% y/y. Private FAI growth stayed subdued at 0.5% y/y, implying the investment was mostly SOE or policy driven.

As markets have aggressively recalibrated Fed expectations, the onset of Q1 reporting season is very important and should focus the equity market attention back on fundamentals rather than macro

and geopolitical tensions. A decent earnings season and positive outlook from firms should provide a backstop to equities against the threat of higher rates. While it is early days, results so far are beating the much-lowered consensus estimates. With more than 60% of market cap reporting over the next two weeks hopefully this bright start continues. The Flash PMIs, to be released next week, will also be important for an indication about future earnings. Assuming Q1 results deliver and a FY24 earnings recovery remains on track, conditions might be falling into place for equities to form a bottom, however, the situation in the Middle East is a wild card.

Next week, we see potential market-moving events as US new home sales and Japanese Preliminary PMIs for March on Tuesday; US GDP for Q124 on Thursday and ECB M3 money supply for March and the BoJ policy decision on Friday.

- Monday: China loan prime rates; Eurozone consumer confidence; Indonesia trade and Taiwan export orders, jobless rate.
- Tuesday: Eurozone S&P Global Manufacturing PMI, S&P Global Services PMI; France S&P Global Manufacturing PMI; Germany S&P Global / BME Manufacturing PMI; Hong Kong CPI; India HSBC Global Manufacturing PMI; Japan Jibun Bank Manufacturing PMI; Mexico international reserves; Singapore CPI; Taiwan industrial production; UK S&P Global / CIPS Manufacturing PMI and US new home sales.
- Wednesday: Australia CPI; Canada retail sales; Germany IFO business climate; Indonesia rate decision; Kenya GDP; New Zealand trade; Russia industrial production and US durable goods.
- Thursday: Hong Kong trade; Malaysia CPI; South Korea GDP; Turkey rate decision; US GDP, wholesale inventories, initial jobless claims; Ukraine rate decision and Vietnam industrial production, trade, CPI.
- Friday: Colombia unemployment; Japan rate decision, Tokyo CPI, inflation and GDP forecasts; Mexico unemployment, trade; Russia unemployment, rate decision; Singapore industrial production, home prices and US personal income and spending, University of Michigan consumer sentiment.

UBS ETF - Top 5 Net Inflows	USD
EMU Corporate Bonds	45,213,022
Commodity	35,748,703
EMEA Equity	21,836,108
EMU Govies	6,487,872
APAC Govies	2,040,829
UBS ETF - Top 5 Net Outflows	USD
North-American Equity	-145,000,660
EM Equity	-87,375,981
US Inflation-Linked	-37,685,304
Global Equity	-34,899,096
Global Govies	-27,790,262
UBS ETF - Top 5 Primary Market Creations	USD
UBS (Irl) ETF plc – MSCI USA Socially Responsible UCITS ETF (USD) A-dis	77,159,810
UBS (Lux) Fund Solutions – Bloomberg MSCI Euro Area Liquid Corporates Sustainable UCITS ETF (EUR) A-acc	40,020,913
UBS (Irl) ETF plc – MSCI ACWI ESG Universal Low Carbon Select UCITS ETF (USD) A-dis	32,978,666
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-dis	32,849,604
UBS (Irl) ETF plc – MSCI United Kingdom IMI Socially Responsible UCITS ETF (hedged to EUR) A-acc	21,538,912
UBS ETF - Top 5 Primary Market Redemptions	USD
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc	-120,998,014
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-dis	-62,718,500
UBS (Lux) Fund Solutions – MSCI EMU Socially Responsible UCITS ETF (EUR) A-dis	-60,375,279
UBS (Lux) Fund Solutions – Bloomberg TIPS 10+ UCITS ETF (USD) A-dis	-35,305,954
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-acc	-28,949,100

UBS ETF - Top 10 Secondary Market Trades	USD
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc <i>Tradeweb – Risk</i>	-116,530,000
UBS (Lux) Fund Solutions – MSCI Japan Socially Responsible UCITS ETF (JPY) A-dis <i>BTS RFQ - Risk</i>	-37,010,000
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-dis <i>Bloomberg RFQE - Risk</i>	34,740,000
UBS (Lux) Fund Solutions – Bloomberg TIPS 10+ UCITS ETF (hedged to EUR) A-acc <i>Bloomberg RFQE – Risk</i>	-33,200,000
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-dis <i>Tradeweb – Risk</i>	33,200,000
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-acc <i>Tradeweb – Risk</i>	-31,660,000
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc <i>Risk – Systematic Internaliser</i>	28,350,000
UBS (Irl) ETF plc – MSCI ACWI ESG Universal Low Carbon Select UCITS ETF (USD) A-dis <i>Bloomberg RFQE – Risk</i>	-27,720,000
UBS (Irl) ETF plc – MSCI ACWI ESG Universal Low Carbon Select UCITS ETF (USD) A-dis <i>Tradeweb – Risk</i>	-23,850,000
UBS (Irl) Fund Solutions plc – MSCI ACWI SF UCITS ETF (hedged to EUR) A-acc <i>Tradeweb – Risk</i>	22,680,000

UBS ETF Capital Markets

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